

## GUATEMALA

<b>SECTOR:</b>	Social
<b>PROJECT NAME:</b>	Social Investment Fund: Eastern Development Project (PRORIENTE) (1162/OC-GU)
<b>TOTAL COST:</b>	\$100 million
<b>FINANCING:</b>	
<b>IDB</b>	\$90 million
<b>LOCAL</b>	\$10 million
<b>DATE OF APPROVAL:</b>	December 16, 1998
<b>GENERAL DESCRIPTION:</b>	<p>The project will: (a) strengthen local development agencies; and (b) meet pressing socioeconomic infrastructure needs of poor, rural populations. The components include: (a) eastern development (PRORIENTE); (b) establishing micro-regions; and (c) sector investments. The first component will: (a) provide infrastructure for the east; (b) promote community initiatives to identify needs; (c) promote collaboration of communities and municipal governments to approve, execute and sustain projects; and (d) strengthen managerial capacity of municipalities and communities in participatory planning, project execution, and investment maintenance. Subcomponents include: (a) investments in physical and human capital; (b) strengthening municipalities and communities; and (c) vehicles and equipment. The first subcomponent will include infrastructure projects, training and productive activities to improve the standard of living and economic and social conditions in poor communities. The second subcomponent will finance training and contracting of support services for non-profit local development associations (LDAs) formed by the beneficiary communities with the participation of the planning offices (POs) of the municipal corporation.</p> <p>The second component will organize and train the beneficiaries to manage development, as well as carry out specific investments. Intensive community training will be provided in: (a) strengthening community organizations; (b) gender issues; (c) working with financial institutions; and (d) facilitating community participation in selecting executing agencies, contracting, supervision, maintenance, and operation of investments. The third component will finance infrastructure and social service needs in: (a) water and sanitation; (b) education; (c) health services; and (d) road infrastructure. The project also finances preinvestment activities and training in operation and maintenance.</p>
<b>CONSULTANTS:</b>	Consultants will be contracted to manage PRORIENTE, implement institutional strengthening activities, and provide training and support for the second component. A firm of independent auditors will audit the project accounts at the end of each fiscal year. Evaluation will be performed by consultants through a separate technical-cooperation operation financed by the Japan Special Fund.
<b>GOODS AND EQUIPMENT:</b>	Vehicles, motorcycles, computer equipment and software, will be procured. Relative to consultants, goods and works, small procurements will take place through local competitive bidding, limited bidding (three quotes), shopping (three price quotes--foreign or domestic suppliers) and direct contracting.

**CIVIL WORKS:**

For the third component, works to be financed include: (a) in the area of water and sanitation, latrine construction, sanitary sewerage systems and water supply systems; (b) in the area of education, outfitting schools at the early childhood, pre-school and primary levels, as well as other education-related construction; (c) in the area of health, outfitting and construction; and (d) in the area of road infrastructure, access roads, bridges and equipment storage areas. Works contracting for up to 10 percent of sector investments will be selected through international competitive bidding, and for up to 40 percent through shopping (three price quotes from foreign or domestic suppliers).

**EXECUTING AGENCY:**

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